

## Message Text

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12

ACTION AF-04

INFO OCT-01 SS-14 ISO-00 EB-03 NSC-05 NSCE-00 INR-05

CIAE-00 PRS-01 OMB-01 TRSE-00 L-01 /035 W

----- 037514

R 300910Z AUG 76

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 2474

C O N F I D E N T I A L KHARTOUM 2566

LIMDIS

E.O. 11652: GDS

TAGS: EFIN, EAID, PFOR, SU, US

SUBJECT: CHARGE MEETING WITH FINANCE MINISTER

REF: KHARTOUM 2478

1. AT SUGGESTION OF MINISTER OF STATE FOR FOREIGN AFFAIRS FRANCIS DENG, CHARGE CALLED ON FINANCE MINISTER BIHEIRY AUG 26. AS EXPECTED, BIHEIRY DISCUSSED BROAD RANGE OF FINANCIAL ISSUES AND IN GENERAL APPEALED FOR GREATER COOPERATION BETWEEN GOS AND USG IN FINANCIAL AREA. HE BEGAN BY SAYING THAT HE DID NOT RPT NOT WANT TO DISCUSS VARIOUS SUBJECTS SUCH AS TRADE, INVESTMENT AND TRAINING WHICH, TO BE SURE ARE IMPORTANT, BUT WHICH ARE BEING HANDLED BY PRIVATE SECTOR OR BY OTHER GOVERNMENT AGENCIES.

2. RECALLING MEETING IN JUNE WITH ASSISTANT SECRETARY SCHAUFEELE, BIHEIRY SAID THAT HE NEEDS INFORMATION. SPECIFICALLY HE WANTS TO KNOW WHAT IS AVAILABLE FROM USG IN TERMS FINANCIAL ASSISTANCE, WHAT, IF ANYTHING, IS GOS ELIGIBLE TO RECEIVE AND WHAT PROCEDURES SHOULD IT FOLLOW TO SECURE SUCH ASSISTANCE. HE SAID, REFERRING TO US PROGRAMS IN EGYPT, THAT HE IS AWARE SEVERAL PROGRAMS EXIST, AND HE WOULD LIKE TO TAKE ADVANTAGE OF WHATEVER WAS POSSIBLE.

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3. BIHEIRY SUGGESTED SEVERAL PROGRAMS OR AREAS WHERE FINANCIAL ASSISTANCE COULD POSSIBLY BE PROVIDED. THESE INCLUDE PL-480 PROGRAMS, HOUSING GUARANTEES, GRANTS, LOANS AND BALANCE OF PAYMENTS ASSISTANCE. FYI HE DID NOT RPT NOT REFER TO BUDGET SUPPORT AS HAD DENG (REFTEL). END FYI. HE MENTIONED EXIMBANK AND INQUIRED ABOUT OTHER USG PROGRAMS, BOTH "SOFT" AND "HARD". HE WOULD LIKE TO KNOW TERMS AND REQUIREMENTS OF SPECIFIC PROGRAMS, AND HE SAID GOS UNDERSTANDS USG IN REPLYING WOULD BE MAKING NO PROMISES OR COMMITMENTS. MOREOVER, BIHEIRY SAID, GOS WILL UNDERSTAND AND NOT HAVE HARD FEELINGS SHOULD USG RESPONSES BE NEGATIVE. HE EMPHASIZED THAT GOS NEEDS TO KNOW ANSWERS TO QUESTIONS SO THAT IT CAN PROCEED WITH FINANCIAL PLANNING. BIHEIRY ALSO STRESSTED THAT NEAR TERM BALANCE OF PAYMENTS PROBLEMS ARE HOBBLING SUDANESE DEVELOPMENT EFFORT, AND HE WANTS TO KNOW IF AND HOW USG CAN HELP.

4. CHARGE MADE NO ATTEMPT TO PROVIDE ANSWERS TO BIHEIRY'S QUESTIONS, EXCEPT TO NOTE THAT SOME PL-480 ACTIVITY ALREADY IN MILL. CHARGE SUGGESTED THAT WHATEVER ROLE USG MAY EVENTUALLY PLAY, FINANCIAL AREA WAS ONE WHERE PRIVATE SECTOR AND TRILATERAL COOPERATION WITH WEALTHY ARABS SHOULD BE CONSIDERED. BIHEIRY INDICATED SOME RELUCTANCE TO GO TO INTERNATIONAL BANKS FOR ASSISTANCE. NEVERTHELESS, HE SAID, GOS IS WILLING TO CONSIDER FORMATION OF CONSORTIUM OF INTERNATIONAL BANKS WHICH WOULD ASSIST SUDAN. APPARENTLY SUCH AN EFFORT IS NOW IN VERY EARLY STAGES.

5. REGARDING TRILATERAL COOPERATION, BIHEIRY REITERATED HIS WELL KNOWN VIEWS REGARDING THIS SUBJECT, I.E., WE SHOULD PROCEED CAUTIOUSLY WITH SUDANESE TAKING LEAD IN APPROCHING KUWAITIS, SAUDIS AND OTHERS. NONETHELESS, HE SEEMED INTERESTED IN CHARGE'S SUGGESTION THAT POSSIBLY US BANKS WHO HAVE STRONG RELATIONSHIPS WITH SAUDI OR KUWAITI BANKS, E.G., BANK OF AMERICA, MORGAN, CHASE, MIGHT BE INTERESTED IN COMING INTO SUDAN IN SOME FORM OF TRILATERAL JOINT VENTURE. BIHEIRY SAID SUDAN WILL NEED MORE COMMERCIAL BANKS AND HE EXPLICITLY STATED THAT HE WILLING CONSIDER WITH OPEN MIND PROPOSALS FOR JOINT VENTURE BANKING OPERATIONS HERE. HE ALSO MADE MORE GENERAL POINT THAT US

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FIRMS (AND PRESUMABLY USG AS WELL) WOULD BE MORE SUCCESSFUL IN SEEKING SAUDI-KUWAITI INPUTS TO PROJECTS HERE IF US SIDE WAS WILLING MAKE TOKEN INVESTMENT ITSELF AS EARNESTNESS OF ITS INTEREST IN SPECIFIC PROJECT.

6. COMMENT BY SEPTTEL.  
BOGOSIAN

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NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETING REPORTS, ECONOMIC PROGRAMS, INTERGOVERNMENTAL COOPERATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 AUG 1976  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976KHARTO02566  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Handling Restrictions:** n/a  
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**Office:** ACTION AF  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** 76 KHARTOUM 2478  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 JUL 2004 by CunninFX>; APPROVED <06 JUL 2004 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CHARGE MEETING WITH FINANCE MINISTER  
**TAGS:** EFIN, EAID, PFOR, SU, US, (DENG, FRANCIS)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006